

THE DISTRICT OF COLUMBIA A NEW CITY CENTER



LSDBE COMMITMENTS

DEVELOPER COMMITMENT

One or more LSDBE's will own a beneficial interest in each Parcel that is not less than 20% of Developer Equity. LSDBE's shall invest at least \$20.0 million in equity in the Private Parcels. Returns payable with respect to such beneficial ownership interest shall be pari passu with the returns payable to Hines/Smith. 35% of PreConstruction/Construction Costs will go to LSDBE contractors and 35% of Operational Costs will go to LSDBE contractors.

GENERAL CONTRACTS

General Contracts shall include language that requires the General Contractor to achieve the 35% Goal in (i) its own contracting with respect to the Project, and (ii) engaging subcontractors to perform work on the Project, and the General Contractor will require that any of its contractors include in all lower-tier contracts a provision requiring such lower-tier subcontractors to achieve the 35% Goal.

ENFORCEMENT

At discretion of Office of Local Business Development Director, monetary sanctions can be imposed if Hines/Smith does not achieve its 35% Goal.

- *Preconstruction/Construction Costs*: the total of all hard and soft costs incurred during the Preconstruction/Construction Phase.
- *Operational Costs*: costs associated with contracts involving the Developer or Hotel Manager and any unaffiliated third party and relating to property management, parking, and construction contracts in connection with tenant construction.
- *Preconstruction/Construction Phase*: begins upon full execution of the Exclusive Rights Agreement/Land Disposition Agreement
- *Operational Phase*: Ends on the fifth anniversary that each Leased Parcel achieves Completion. Hines/Smith commits to a close working relationship with OLBD. OLBD will be the Primary Referral Source for LSDBE's. Hines/Smith will meet regularly with OLBD to provide status reports. Hines/Smith has committed to significant reporting requirements, including Contract Tracking and Monitoring

LSDBE OUTREACH

Hines/Smith will conduct significant outreach to identify and encourage LSDBE certified or District-based businesses to pursue contracting opportunities on the Project individually or as joint venture partners. Hines/Smith will implement Certification Assistance Programs and Bonding/Finance Assistance Programs in order to support qualified contractors pursuing contracting opportunities on the Project.

COMMUNITY OUTREACH

Hines/Smith will prepare a Community Involvement Plan that will specify the process for providing the community that is impacted by the Project with information about, and input into, the Project as it is designed, developed, constructed, and operated. Plans include:

- Community advisory committee
- Website
- Community newsletter
- Series of symposia to discuss the master plan process and solicit input
- Attendance at community events and seminars
- Educational internship program with local academic institutions
- Significant communication program with local business community